THE VALUE OF DOLLAR-COST AVERAGING

Be invested, stay invested

Russell Investments

When is the best time to invest?

It's an age-old question many investors face. Whether the market has just enjoyed a healthy rise, endured a tough pullback or is gyrating day-to-day with lots of volatility, knowing when to put money to work in the stock or bond markets can present a real challenge — even for the most seasoned investors.

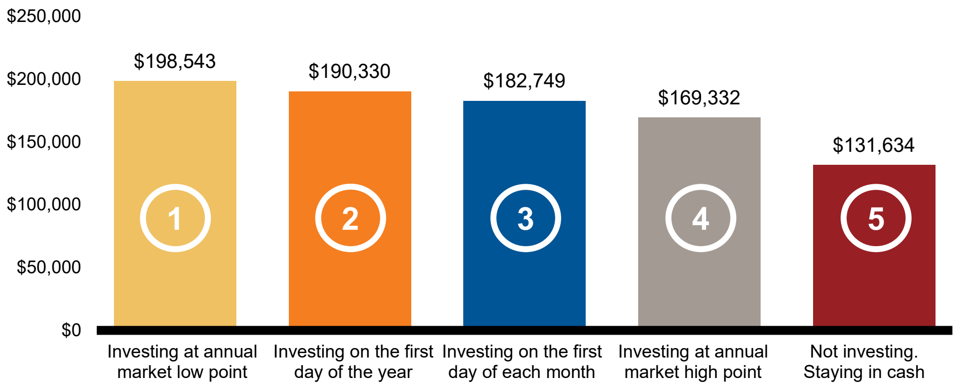
Investors typically have five choices:

Perfect timing – investing at the annual market low
First of the year – investing a lump sum on the first day of the year
Dollar-cost averaging – investing at regular intervals throughout the year
Perfectly wrong timing – investing at the annual market high
Holding cash – staying out of the market completely

Difference in wealth after 10 years for each of the strategies:

1 Perfect timing	2 First of year	3 Dollar cost averaging	4 Perfectly wrong timing	5 Holding cash, no investment
This strategy is ideal, yet implausible.	Investing your money for the most amount of time can yield the most gain in most market environments	A popular rules-based strategy. Can help investors cope with uncertain or volatile markets.	Despite bad timing, assets invested in the market may grow faster than if left in cash.	Holding cash too long can result in the least growth of wealth.

Hypothetical ending wealth after investing $12,000 per year for 10 years
Period ending December 31, 2023



Note that one year represents a 12-month period ending the last day of December each year.

Assumes a one-time investment of $12,000 per year into the S&P/TSX Composite Index with no withdrawals between December 31, 2013 and December 31, 2023. Cash return based on return of $12,000 invested each year in the FTSE Canada 91-Day T-Bill Index without any withdrawals between December 31, 2013 and December 31, 2023. Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Hypothetical analysis provided for illustrative purposes only.

Why dollar-cost averaging?

Timing the market is hard, if not impossible. Without a crystal ball, you can never have perfect timing nor perfectly wrong timing.

Holding cash provides the lowest ending wealth of all the strategies and may leave you short of your financial goals.

A better strategy is to invest at regular intervals: that way you are buying when the market is low as well as when it is high. This strategy is known as **dollar-cost averaging.**

Ideally, you would invest a lump sum at the beginning of the year, but many investors don't have the ability to access a lump sum on a specific date. It's often easier – and much less painful – to set up automatic investments on the first day of every month.

And your money is working for you all the time.

How it works:

A lump sum of $1,000 is invested in a specific stock or fund on the first day of every month for a year. By dollar-cost averaging, the investor bought 1,267.09 shares at an average cost of $9.47/share, essentially smoothing out the up-and-down price swings.

INVESTMENT DATE	INVESTMENT AMOUNT	SHARE PRICE	SHARES PURCHASED
January	$1,000	$10.00	100.00
February	$1,000	$10.50	95.24
March	$1,000	$11.00	90.91
April	$1,000	$12.00	83.33
May	$1,000	$9.50	105.26
June	$1,000	$9.50	105.26
July	$1,000	$10.00	100.00
August	$1,000	$8.00	125.00
September	$1,000	$7.50	133.33
October	$1,000	$9.00	111.11
November	$1,000	$8.50	117.65
December	$1,000	$10.00	100.00
Totals:	**$12,000 (total investment)**	**$9.47 (average price/share)**	**1267.09 (total shares purchased)**

Hypothetical analysis provided for illustrative purposes only, it does not reflect the performance of any actual investment.

IMPORTANT RISK DISCLOSURES:

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

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S&P/TSX Composite Index: The benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

The **FTSE Canada 91-day Treasury Bill Index** tracks the performance of three-month fixed income securities issued by the government of Canada. It is designed to reflect the performance of the relevant security for the relevant term, switching into the new Treasury bill at each auction.

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